(10) Form No. 177 referred to in sub-rule (9), shall be furnished electronically either under a digital signature or through an electronic verification code and shall be verified by the person who is authorised to verify the return of income of such Alternative Investment Fund, domestic company and non-banking finance company under section 265.

(11) Form No. 177 referred to in sub-rule (9), shall be furnished on or before the due date referred to in section 263(1)(*c*) for the tax year in which the eligible investments have been first received from the specified person and all subsequent tax years till the eligible investment received from the specified person is returned.

(12) In this rule, the expressions—

(*a*) "specified person", "eligible infrastructure entity", "eligible Alternative Investment Fund", "eligible domestic company", "eligible Non-Banking Financial Company", "eligible InvIT" shall have the meanings respectively assigned to them in Schedule V [Table: Sl. No. 7. Note 5] of the Act;

(*b*) "balance sheet" means the balance-sheet (including the notes annexed thereto and forming part of the accounts) drawn up as on 31st March of the relevant tax year which, —

- (*i*) gives a true and fair view of the state of affairs;
- (*ii*) complies with applicable accounting standards; and
- (*iii*) has been audited by the auditor of the—
  - (*A*) eligible Alternative Investment Fund as per the provisions of regulation 20(5) of Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992); or
  - (*B*) eligible domestic companies as per the provisions of section 139 of the Companies Act, 2013 (18 of 2013);

(*c*) "eligible investment" means an investment which has been made by an, —

- (*i*) eligible Alternative Investment Fund on or after the 1st April, 2020, but on or before the 31st March, 2030; or
- (*ii*) eligible domestic company on or after the 1st April, 2021, but on or before the 31st March, 2030;

(*d*) "eligible lending" means lending made by an eligible Non-Banking Financial Company on or after the 1st April, 2020, but on or before the 31st March, 2030;

(*e*) "investment" means movable and immovable assets, including current and non-current investments, loans and advances and cash and cash equivalents; and

(*f*) "relevant tax year" means —

- (*i*) the tax year for which the income exempt under Schedule V [Table: Sl. No. 7] to the Act is to be calculated;
- (*ii*) the tax year 2030-2031, for the purposes of sub-rule (5), even if exempt income under Schedule V [Table: Sl. No. 7] to the Act is not required to be calculated for that year.

Conditions for the purpose of Schedule VI [Table: Sl. No. 5] to the Act

284. (1) The income accrued or arisen to, or received by, a non-resident as a result of—

(*a*) transfer of non-deliverable forward contracts or offshore derivative instruments or over-the-counter derivatives; or

(*b*) distribution of income on offshore derivative instruments or over-the-counter derivatives,

under Schedule VI [Table: Sl. No. 5] of the Act, shall be exempted subject to fulfilment of the following conditions:—

(*i*) the non-deliverable forward contract or offshore derivative instrument or over-the-counter derivative is entered into by the non-resident with an offshore banking unit of an International Financial Services Centre, which holds a valid certificate of registration granted under International Financial Services Centres Authority (Banking) Regulations, 2020 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019), by the International Financial Services Centres Authority or any foreign portfolio investor being a unit of an International Financial Services Centre; and

(*ii*) such contract, instrument or derivative is not entered into by the non-resident through or on behalf of its permanent establishment in India.

(2) The offshore banking unit or the foreign portfolio investor shall ensure that the condition provided in sub-rule (1)(*ii*) is complied with.

(3) For the purposes of this rule,—

(*a*) "derivative" shall have the same meaning as assigned to it in section 2(*ac*) of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(*b*) "foreign portfolio investor" means a person registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(*c*) "non-deliverable forward contract" means a contract for the difference between an exchange rate agreed before and the actual spot rate at maturity, with the spot rate being taken as the domestic rate or a market determined rate and such contract being settled with a single payment in a foreign currency;

(*d*) "offshore banking unit" means a banking branch Unit located in an International Financial Services Centre;

(*e*) "offshore derivative instrument" shall have the same meaning as assigned to it in regulation 2(1)(*o*) of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(*f*) "over-the-counter derivatives" means a derivative contract that is not traded on an exchange but instead is privately negotiated between a purchaser and a seller; and

(*g*) "permanent establishment" shall have the meaning assigned to it in section 173(*c*).

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INCOME TAX DEPARTMENT

Computation of exempt income in nature of capital gains in connection with relocation of original fund, etc.

285. (1) For the purpose of Schedule VI [Table: Sl. No. 10] to the Act, income of the nature of capital gains, arising or received by a specified fund, which is attributable to units held by non-resident (not being a permanent establishment of a non-resident in India) in such specified fund shall be computed as under: —

(*a*) where the specified fund files Form No. 178 in accordance with sub-rule (2), the income exempt under Schedule VI [Table: Sl. No. 10] to the Act = [(A×B)/C], where, —

A = income of the nature of capital gains, arising or received by a specified fund, which is on account of transfer of shares of a company resident in India, by the specified fund and where such shares were received by the specified fund, being resultant fund, in relocation from the original fund, or from its wholly owned special purpose vehicle, and where such capital gains would not be chargeable to tax if the relocation had not taken place;

B = aggregate of daily assets under management of the specified fund, which are held by non-resident unit holders (not being the permanent establishment of a non-resident in India), from the date of acquisition of the share of a company resident in India by the specified fund to the date of transfer of such share; and

C = aggregate of daily total assets under management of the specified fund, from the date of acquisition of the share of a company resident in India by the specified fund to the date of transfer of such share; and

(*b*) if Form No. 178 is not filed by the specified fund, the exempt income shall be *nil*.

(2) The specified fund shall furnish an annual statement of exempt income in Form No. 178 electronically under digital signature on or before the due date, which is duly verified in the manner indicated therein.

(3) It shall get the annual statement referred to in sub-rule (2), certified by an accountant as defined in section 515(3)(*b*), before the specified date and such accountant shall furnish by that date the certificate in Form No. 179 electronically under digital signature, which is duly verified in the manner indicated therein.

(4) In this rule, the expressions —

(*a*) "assets under management" means the closing balance of the value of assets or investments of the specified fund as on a particular date;

(*b*) "due date" shall have the meaning assigned to it in section 263(1)(*c*);

(*c*) "original fund", "relocation", "resultant fund", "securities", "specified fund" and "unit" shall have the meanings respectively assigned to them in Schedule VI to the Act;

(*d*) "permanent establishment" shall have the meaning assigned to it in section 173(*c*); and

(*e*) "specified date" in relation to the certification of the annual statement in Form No. 178, means the date one month prior to the due date;

Requirements for approval of a fund for welfare of employees and their dependents under Schedule VII [Table: Sl. No. 2] to Act.

286. (1) Any fund established for such purposes as may be notified by the Board for the welfare of employees and their dependents (where such employees are member of such fund) shall be formed under a trust and it shall be evidenced by a trust deed.

(2) The contributions to the fund are to be made by the employees by way of periodical subscription.

(3) The application for approval shall be made in Form No. 180 to the Principal Commissioner of Income-tax or Commissioner of Income-tax having jurisdiction over the area or territory in which the accounts are kept and such application shall be accompanied by the documents mentioned therein.

(4) The Principal Commissioner of Income-tax or Commissioner of Income-tax, where he is satisfied that, —

(*a*) all the conditions laid down in Schedule VII [Table: Sl. No. 2] to the Act and this rule are fulfilled, he shall record such satisfaction in writing and grant approval to the fund specifying the tax year or years not exceeding three tax years for which the approval shall be valid;

(*b*) if any of the conditions laid down in Schedule VII [Table: Sl. No. 2] to the Act and this rule is not fulfilled, he shall reject the application for approval, after recording the reasons for such rejection in writing.

(5) No order of rejection of an application shall be passed without giving a reasonable opportunity of being heard.

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INCOME TAX DEPARTMENT

Percentage of Government grant for considering any University, hospital, or any other institution, as substantially financed by the Government for purposes of Schedule VII [Table: Sl. Nos. 17 and 18] to Act.

287. For the purposes of Schedule VII [Table: Sl. Nos. 17 and 18] to the Act, any university or other educational institution, hospital or other institution referred therein, shall be considered as being substantially financed by the Government for any tax year, if the Government grant to such University or other educational institution, hospital or other institution for such tax year exceeds 50% of their total receipts including any donations during the said tax year.

Procedure for setting up an Infrastructure Debt Fund for purpose of exemption under Schedule VII [Table: Sl. No. 46] to Act.

288. (1) Every Infrastructure Debt Fund under this rule shall be set up as a Non-Banking Financial Company conforming to and satisfying the conditions laid down in the regulatory framework provided by the Reserve Bank of India.

(2) The funds of the Infrastructure Debt Fund shall be invested only in—

(*a*) post commencement operation date infrastructure projects, which have completed at least one year of satisfactory commercial operations; or
(*b*) toll-operate-transfer projects as the direct lender.

(3) The Infrastructure Debt Fund shall raise the funds in the manner specified in column B of the following Table subject to the conditions mentioned in column C thereof:

TABLE

Sl. No.	*Manner of raising funds*	*Conditions*
A	*B*	*C*
1.	Issue rupee denominated bonds or foreign currency bonds.	(*a*) Such bonds must be in accordance with the directions of Reserve Bank of India and the relevant regulations under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 made under the Foreign Exchange Management Act, 1999 (42 of 1999); and (*b*) in case of an investor in the said bond being a non-resident, the original or initial maturity of bond, at time of first investment by such non-resident investor, shall not be less than a period of five years.
2.	Issue zero coupon bonds.	(*a*) Such bonds shall be in accordance with rule 7; and (*b*) as mentioned in clause (*b*) column C of Sl. No. 1.
3.	Raise funds through loan route under external commercial borrowings.	(*a*) Such external commercial borrowings shall be in accordance with the directions of the Foreign Exchange Department of the Reserve Bank of India; and (*b*) the tenor shall not be less than a period of five years and such borrowings shall not be sourced from foreign branches of Indian banks.

(4) The investment made by the Infrastructure Debt Fund in an individual project or project belonging to a group at any time, shall not exceed 20% of the corpus of the fund.

(5) No investment shall be made by the Infrastructure Debt Fund in any project where its specified shareholder or the associated enterprise or the group of such specified shareholder has a substantial interest.

(6) The Infrastructure Debt Fund shall file its return of income as required by section 263(1)(*a*) on or before the due date specified in section 263(1)(*c*).

(7) In case the Infrastructure Debt Fund does not fulfil any of the conditions provided in this rule or directions of the Reserve Bank of India, all provisions of the Act shall apply as if it is not an Infrastructure Debt Fund referred to in Schedule VII [Table: Sl. No. 46] to the Act.

(8) In this rule, —

(*a*) "associated enterprise" shall have the meaning assigned to it in section 162;
(*b*) "concern" shall have the meaning assigned to it in section 2(*40*);
(*c*) "corpus" means the total funds of the Infrastructure Debt Fund raised for the purpose of investment;
(*d*) "group" means a group as defined in section 2(*mm*) of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992);
(*e*) a person shall be deemed to have substantial interest in —
  (*i*) a company, if he is the beneficial owner (including beneficial ownership held by one or more of his relatives, in case the person is an individual) of shares (not being the shares entitled to a fixed rate of dividend whether with or without a right to participate in profits) holding not less than 10% of the voting power; or
  (*ii*) a concern other than a company if he is, at any time during the tax year, beneficially entitled to not less than 20% of the income of such concern;
(*f*) "relative", in relation to an individual, means—
  (*i*) spouse of the individual; or
  (*ii*) brother or sister of the individual; or
  (*iii*) brother or sister of the spouse of the individual; or
  (*iv*) brother or sister of either of the parents of the individual; or
  (*v*) any lineal ascendant or descendant of the individual; or
  (*vi*) any lineal ascendant or descendant of the spouse of the individual; or
  (*vii*) spouse of the persons referred to in sub-clauses (*ii*) to (*vi*); or
  (*viii*) any lineal descendant of a brother or sister of either the individual or of the spouse of the individual; and
(*g*) "specified shareholder" means a non-banking financial company, or a bank, or any other person holding, directly or indirectly, shares carrying not less than 30% of the voting power in Infrastructure Debt Fund.

Rules for functioning of an electoral trust.

289. (1) An electoral trust referred to in Schedule VIII [Table: Sl. No. 2] to the Act shall function in accordance with the provisions of this rule.

(2) The electoral trust may receive voluntary contributions from—

(*a*) an individual who is a citizen of India; or
(*b*) a company which is registered in India; or
(*c*) a firm or Hindu undivided family or an association of persons or a body of individuals, resident in India.

(3) The electoral trust shall accept contributions only by way of an account payee cheque drawn on a bank or account payee bank draft or by electronic transfer to its bank account and shall not accept any contribution in cash.

(4) The electoral trust shall not accept any contribution without the Permanent Account Number of the contributor, who is a resident and the passport number in the case of a citizen of India, who is not a resident.

(5) A receipt indicating the following shall be issued by the trust immediately on receipt of any contribution: —

(*a*) name and address of the contributor;
(*b*) Permanent Account Number of the contributor or passport number in the case of a citizen who is not a resident;
(*c*) amount and mode of contribution including name and branch of the Bank and date of receipt of such contribution;
(*d*) name of the electoral trust;
(*e*) Permanent Account Number of the electoral trust;
(*f*) date and number of approval by the prescribed authority; and
(*g*) name and designation of the person issuing the receipt.

(6) The electoral trust shall not accept contributions—

(*a*) from an individual, who is not a citizen of India, or from any foreign entity whether incorporated or not; or
(*b*) from any other electoral trust which has been registered as a company under section 8 of the Companies Act, 2013 (18 of 2013) and approved as an electoral trust under the Electoral Trusts Scheme, 2013; or
(*c*) from a Government Company as defined in section 2(*45*) of the Companies Act, 2013 (18 of 2013); or
(*d*) from a foreign source as defined in section 2(*j*) of the Foreign Contribution (Regulation) Act, 2010 (42 of 2010).

(7) A political party registered under section 29A of the Representation of the People Act, 1951 (43 of 1951) shall be an eligible political party and an electoral trust shall distribute funds only to the eligible political parties.

(8) (*a*) The electoral trust may, for the purposes of managing its affairs, spend up to 5% of the total contributions received in a year subject to an aggregate limit of Rs. 500000 in the first year of incorporation and Rs. 300000 in subsequent years;

(*b*) the total contributions received in any tax year along with the surplus from any earlier tax year, if any, as reduced by the amount spent on managing its affairs, shall be the distributable contributions for the tax year; and

(*c*) an electoral trust shall be required to distribute the distributable contributions for a tax year, referred to in clause (*b*), to the eligible political parties before the 31st March of the said tax year, subject to the condition that at least 95% of the total contributions received during the tax year along with the surplus brought forward from earlier tax year, if any, are distributed.

(9) The trust shall obtain a receipt from the eligible political party indicating the name of the political party, its Permanent Account Number, registration number, amount of fund received from the trust, date of the receipt and name and designation of person signing such receipt.

(10) The electoral trust shall not utilise any contributions for the direct or indirect benefit of the members or contributors, or for any of the following persons: —

(*a*) the members (including members of its Executive Committee, Governing Committee or Board of Directors) of the electoral trust; or
(*b*) any relative of such Members; or
(*c*) where such member or contributor is a Hindu undivided family, a member of that Hindu undivided family; or
(*d*) any person who has made a contribution to the trust; or
(*e*) any person referred to in section 355(*h*); or
(*f*) any concern in which any of the persons referred to in clauses (*a*), (*b*), (*c*), (*d*) and (*e*) has a substantial interest.

(11) (*a*) An electoral trust shall keep and maintain such books of account and other documents in respect of its receipts, distributions and expenditure as may enable the computation of its total income in accordance with the provisions of the Act;

(*b*) The electoral trust shall also maintain a list of persons from whom contributions have been received and to whom the same have been distributed, containing the name, address and Permanent Account Number of each such person along with the details of the amount and mode of its payment including the name and branch of the bank.

(12) Every electoral trust shall get its accounts audited by an accountant, as defined in section 515(3)(*b*), and furnish the audit report in Form No. 181 along with particulars forming part of its Annexure, to the Director General of Income Tax (Systems) on or before the due date specified for furnishing the return of income under section 263(1)(*c*).

(13) The Form No. 181 referred to in sub-rule (12), shall be furnished electronically,—

(*a*) under digital signature, if the return of income is required to be furnished under digital signature; or
(*b*) through electronic verification code, in a case not covered under clause (*a*).

(15) An electoral trust shall maintain a regular record of proceedings of all meetings and decisions taken therein.

(16) Every electoral trust shall furnish a certified copy of list of contributors and a list of political parties, to whom sums were distributed in the manner specified in sub-rule (8), to the Director General of Income Tax (Systems), every tax year along with the audit report as stipulated under sub-rule (12).

(17) Any change in the shareholders, subsequent to the approval granted under the Electoral Trusts Scheme, 2013 shall be intimated to the Board within thirty days of such change.

Report of audit of accounts to be furnished under Schedule IX read with section 48 for deduction for tea development account, coffee development account and rubber development account.

290. The report of audit of the accounts of an assessee, which is required to be furnished under paragraph 2 of Schedule IX to the Act read with section 48, shall be in Form No. 182.

Report of audit of accounts to be furnished under Schedule X read with section 49 for deduction for site restoration fund.

291. The report of audit of the accounts of an assessee, which is required to be furnished under paragraph 2 of Schedule X to the Act read with section 49, shall be in Form No. 183.

Investment of fund moneys.

292. (1) All contributions to a provident fund, whether made by the employer or the employees, or transferred from an individual account of the employee in a recognized provident fund maintained by a former employer, or accrued as interest or otherwise, shall be invested in the instruments given in column 2 of the following Table subject to the percentages given in column 3 thereof:

TABLE

Sl. No.	*Investment*	*Percentage amount to be invested in items referred to in column 2*
1	*2*	*3*
1.	Government Securities and Related Investments.	Minimum 45%.
2.	Debt Instruments and Related Investments.	Minimum 35%.
3.	Short-term Debt Instruments and Related Investments.	Up to 5%.
4.	Equities and Related Investments.	Minimum 5%.
5.	Asset Backed, Trust Structured and Miscellaneous Investments.	Up to 5%.

(2) The nature of investments referred to in sub-rule (1) shall have their respective meanings as specified in notification number S.O. 1433(E) dated the 29th of May, 2015, issued by the Ministry of Labour and Employment, Government of India in this behalf, as amended from time to time, and the said investments shall be subject to such conditions as specified in the said notification.

(3) Any funds that are not invested in the manner specified under sub-rule (1) may be deposited into-

(*i*) a Post Office Savings Bank Account in India; or
(*ii*) a current account or Savings Bank Account with any scheduled bank.

(4) For the purposes of this rule,—

(*a*) the expression "Government securities" shall have the same meaning as assigned to it in section 2(*f*) of the Government Securities Act, 2006 (38 of 2006);
(*b*) the manner of investment specified in sub-rule (1) shall apply to the aggregate amount of moneys with the fund in the tax year;
(*c*) moneys received on transfer, maturity or realisation of any security or deposit forming part of a fund or by withdrawal from any account in a bank (including a Post Office Savings Bank Account) shall be deemed to be moneys accruing to the fund; and
(*d*) "scheduled bank" means-
  (*i*) the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955); or
  (*ii*) a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959) ; or
  (*iii*) a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), or under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980); or
  (*iv*) any other bank, being a bank included in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934).

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INCOME TAX DEPARTMENT

Nomination.

293. (1) An employee may be permitted by the trustees of the provident fund to nominate one or more persons to receive the amount held in the provident fund in the event of the death of such employee and such nomination shall be made in Form No. 184.

(2) If an employee nominates more than one person under sub-rule (1), he shall, specify in his nomination the amount or share payable to each of the nominees in a way that the whole of the amount that may stand to his credit in the provident fund.

(3) Where an employee has a family at the time of making a nomination, the nomination shall be in favour of one or more persons belonging to his family and any nomination made by an employee in favour of a person not belonging to his family shall be invalid.

(4) If, at the time of making a nomination, the employee does not have a family, the nomination may be in favour of any person or persons, but if the employee later gains a family, then such nomination shall be invalid and the employee may then make a new nomination in favour of one or more persons from his family.

(5) If the nomination is in favour of a minor, whether partly or fully, the member may appoint an adult family member as the guardian of the minor nominee in the event of the death of such member and if, there are no adult family members available, the member may choose any other person to be the guardian of the minor nominee.

(6) An employee may modify a nomination at any time by providing written notice to the trustees in Form No. 184 and, if the nominee dies before the employee, the nomination shall revert back to the employee who may then make a new nomination for that interest.

(7) A nomination or its modification shall take effect to the extent that it is valid on the date on which it is received by the trustees.

(8) For the purposes of this rule, "family" means,—

(*a*) in the case of a male member, his wife, his children, whether married or unmarried, his dependant parents and his deceased son's widow and children; and

(*b*) in the case of a female member, her husband, her children, whether married or unmarried, her dependant parents, her husband's dependant parents and her deceased son's widow and children.

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INCOME TAX DEPARTMENT

Accounts.

294. (1) The accounts of a provident fund shall be prepared at intervals of not more than twelve months.

(2) An account shall be maintained for each subscriber to the fund and it shall include the particulars shown in Part A of Form No. 185.

(3) Where the accounts of a provident fund are kept outside India, certified copies of the accounts shall be supplied not later than the 15th June in each year or any other subsequent date fixed by the Assessing Officer to a local representative of the employer in India.

(4) An abstract of the individual account for the tax year of each employee participating in a provident fund shall be furnished by the trustees in Part B of Form No. 185—

(*a*) to the Assessing Officer of the area in which the accounts of the fund are kept, or if the accounts are kept outside India, to the Assessing Officer of the area in which the local headquarters of the employer are situated; and
(*b*) by the 15th June in each year or any other subsequent date fixed by the Assessing Officer.

(5) The account to be made under the provisions of paragraph 11(1) of Part A of Schedule XI to the Act shall show in respect of each employee,—

(*a*) the total salary paid to the employee during the period of his participation in the provident fund;
(*b*) the total contributions;
(*c*) the total interest which has accrued thereon; and
(*d*) so far as may be, the percentage of the salary of the employee in accordance with which contributions have been made by the employer and employee.

(6) Every employer shall, as soon as possible, after the close of each financial year, send to each member, a statement of his account in the fund showing the following details:—

(*a*) opening balance at the beginning of the period;
(*b*) amount contributed during the year;
(*c*) the total amount of interest credited at the end of the period or debited in the period; and
(*d*) the closing balance at the end of the period.

Assigning or creating a charge on beneficial interest in a recognized provident fund.

295. If an employee assigns or creates a charge on their beneficial interest in a recognised provident fund, the Assessing Officer shall give notice to the employee upon learning of the assignment or charge, which shall inform the employee that if he does not cancel the assignment or charge within two months of receiving the notice, the consideration received for such assignment or charge shall be deemed to be income received by the employee in the tax year in which the Assessing Officer became aware of the situation, and shall be assessed accordingly.

Application for recognition.

296. (1) An application for recognition shall be made by the employer maintaining a provident fund, for which recognition is sought and shall be accompanied by the following documents: —

(*a*) a copy of the original trust deed if any; and
(*b*) a copy of the rules of the fund.

(2) The application referred to in sub-rule (1) shall be submitted through the Assessing Officer of:—

(*a*) the area in which the accounts of the fund are kept; or
(*b*) if the accounts are kept outside India the area in which the local headquarters of the employer are situated.

(3) The application shall be furnished in Form No. 186 and shall be verified in the manner specified therein.

(4) A fund which has been granted recognition on or before 31st March, 2006 and has not applied for recognition thereafter shall make a fresh application in Form No. 186 through the Assessing Officer referred to in sub-rule (2).

Order of recognition.

297. (1) An order according recognition to a provident fund shall take effect from the first day of the month immediately following the month in which the application for recognition is received by the income-tax authority concerned, unless, at the request of the employer, the first day of any later month in the same financial year is specified.

(2) In accordance with sub-rule (1), if the approving authority is satisfied that there was sufficient reason for the delay in submitting the application, he may accord recognition to the fund from a date not earlier than the 1st April of the financial year in which the application is made.

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INCOME TAX DEPARTMENT

Withdrawal of recognition.

298. (1) The approving authority has the right to revoke recognition given to a provident fund if it fails to meet the conditions outlined in Part A of the Fourth Schedule to the Income-tax Act, 1961, as it existed prior to its repeal, or Part A and Part C of Schedule XI to the Act or subsequent conditions set after recognition was granted under the said Act of 1961 and the Act and if the exemption granted under section 17 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952) is withdrawn under sub-section (4) of section 17 of the same Act, the recognition may be withdrawn.

(2) Before withdrawing recognition, the approving authority shall give an opportunity to the employer and the trustees of the fund to show cause why recognition should not be withdrawn.

Exemption from tax when recognition withdrawn.

299. If the approving authority withdraws recognition from a provident fund, the balance to the credit of each employee at the end of the financial year before the withdrawal of recognition shall, subject to the provisions of paragraph 9 of Part A of Schedule XI to the Act, be paid to him free of tax at the time when such employee receives the accumulated balance due to him, and the remaining accumulated balance due to him shall be subject to tax as if the fund had never been recognised.

Appeal under paragraph 13(1) of Part A of Schedule XI to the Act.

300. An appeal under paragraph 13(1) of Part A of Schedule XI to the Act shall be made in Form No. 187 and shall be verified in the manner indicated therein and shall be accompanied by a fee of Rs. 1000.

Definitions for purposes of rules 302 to 315.

301. For the purposes of rules 302 to 315 the expressions,—

(*a*) "approving authority" means the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner;

(*b*) "beneficiary" means a person referred to in paragraph 3(*b*) of Part B of Schedule XI to the Act for whom provision of annuity is made;

(*c*) "fund" means a superannuation fund or a part of a superannuation fund which includes a fund, by whatever name called, established or constituted with a sole purpose of making payment of pension or family pension by the employer to his employees; and

(*d*) "trust" means the trust under which the superannuation fund is established and the expression "trustee" means a trustee thereof.

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